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45TH ANNUAL REPORT
**State Board of Hail
Insurance**
TO MONTANA GRAIN GROWERS



1961 BUSINESS SUMMARY

Total Risk Written	\$6,035,660.51
Premium Charge	\$ 461,264.11
Losses Paid	\$ 570,983.84
Policies Issued	2,009
Loss Claims Filed	392
Total Acres Insured	552,735.7
Acres Reported Damaged	108,121.4
Average Acres Ins. Per Policy	275
Number of Days with Hail	35
Aver. Cost Per \$1000 of Protection ..\$	76.42
Operating Expense Ratio	7%

NO REFUND PAID ON 1961 PREMIUMS. This is the first year since 1956 that the Hail Board has not refunded a part of the premiums. In 1961 the losses exceeded the premiums by over \$100,000. The loss ratio was 9.5% or about 1½ times the average (6.1%). Payment of the 1961 losses does not materially reduce the Hail Fund assets which will continue at close to \$2,000,000. Refunds may continue again in any future year when the losses are near or below the average.

THE TOTAL HAIL FUND ASSETS OF ABOUT \$2,000,000 which will be carried into 1962 are considered more than ample to promptly pay any hail loss as severe as we have ever experienced. In fact they would more than cover several severe hail loss years.

All grain growers should read this report carefully, especially pages 6 and 7 explaining how to get State Hail Insurance.

December 15, 1961

Honorable Donald G. Nutter,
Governor, State of Montana,
Capitol Building, Helena, Montana

Preliminary report on the 1961 operations of the State
Hail Insurance Department.

In compliance with Section 82-1519 of the Montana codes
and pertaining to the Hail Insurance law, I am herewith
giving you a report on the main points of the 1961 hail
insurance experience.

After a long series of mostly below average hail loss
years, the losses for 1961 were far above the average.
Fortunately we were able to pay promptly all losses in
full and with only a few controversial settlements. We did
not need to use any of the invested reserve funds because
of the losses exceeding the premiums. The excess loss was
paid from the current balance in the State Treasurer's
office. This report will possibly be subject to some very
small changes but none of the figures quoted will be
changed materially. The annual Report to Montana Grain
Growers will be final but will not be ready until February
or March, 1962. For the present I am giving you the fol-
lowing details which are most important of the 1961
operations.

(See 1961 business summary on front page.)

Reduction of Levy. The Hail Insurance law provides for
a reduction of the premium rate to farmers insured whose
crop is badly damaged or destroyed by other means than
hail. Over 80 applications were made for reductions and
the Board approved 77 of these. The farmers who had paid
cash for their hail insurance received refunds in cash.
The hail insurance tax of others was reduced. The total
amount of these refunds and reductions amounted to
\$7,579.83.

1961 Hail Losses Were Quite Severe. The total paid on
losses was greater than had been paid in any other year.
We have had a few years with a higher per cent of loss
ratio but the payments did not equal 1961 because the
volume of insurance written was not as large. The loss
ratio was 9.5%. A few other years had losses of 10% or a
little more and in 1932 the loss ratio was 12% which was
the highest of all years.

The main part of the 1961 losses occurred in July. The
big storm of June 29th was as severe and widespread as
any for the season but the bulk of the seasons losses
occurred in July from the 22nd to the 30th. The August
losses were moderate. Following are a few counties show-
ing the heaviest losses, also a few counties with light
losses.

COUNTIES WITH SEVERE LOSSES		
County	Premiums	Losses
Blaine	\$11,475	\$ 30,760
Chouteau	27,521	64,349
Daniels	12,788	22,628
Glacier	4,997	24,002
Phillips	3,970	11,393
Toole	37,737	115,862
COUNTIES WITH LIGHT LOSSES		
County	Premiums	Losses
Big Horn	\$39,072	\$ 2,572
Judith Basin	32,020	1,567
Fallon	4,907	None
Powder River	7,898	1,581
Prairie	4,817	None

Here are figures to show what heavy losses the light loss counties in 1961 have had in former years.

Fallon	1943	\$100,000
Fallon	1944	66,000
Big Horn	1959	111,000
Prairie	1948	67,000
Prairie	1945	56,000
Powder River	1946	36,000
Powder River	1949	30,600

The above figures show the great need of farmers for hail insurance in order to assure a more even income over the years. We have had cases where farmers and even large areas have had disastrous losses two and even three times almost in successive years.

The value of the Reserve Fund was apparent when the losses exceeded the premiums. The interest earned on the invested funds more than covered the operating expenses so that we did not need to use over \$60,000 of the current balance in making full payment. It is possible to run onto a much worse hail year in the future which might use all of the current funds as well as require a use of part of the invested funds. The Reserve Fund is \$1,200,000. Also we have invested \$200,000 of the operating account as there was no sign of needing it. The total assets of the State Hail Insurance Fund will amount to close to \$2,000,000 at the start of the 1962 season.

INVESTMENTS AND EARNINGS OF HAIL INSURANCE FUND

Item	Amount	Per Cent of Interest	Date of Maturity	Interest Received
1.	\$ 100,000	4-3/8	5-15-63	\$ 3,812.50
2.	100,000	3 1/4	5-15-63	3,812.50
3.	250,000	4-7/8	11-15-63	12,187.50
4.	500,000	3 1/2 & 3	5-15-62	18,437.50
5.	450,000	4	10-20-65	18,000.00
Totals \$1,400,000				\$56,250.00

The 1961 losses were a little more difficult to adjust because of the unfavorable growing conditions. Also when crops are poorer it seems that they suffer more severe damage from hail than they do in years when the plants and stands are larger and stronger. Anyway the crops which were hailed last summer suffered a very high per cent of loss on the average. A good spirit of cooperation was evident between the farmers and our adjusters as we ended the main hail loss season with only two controversial losses.


In closing I wish to commend the good work of the assessors and treasurers of the counties where State Hail Insurance policies were issued. The policies were promptly and efficiently handled by the assessors and a high per cent of the premiums were collected and all hail insurance money was properly accounted for. We wish also to commend the good work of the adjusters as adjustments were difficult in many cases.

Respectfully submitted for the
STATE BOARD OF HAIL INSURANCE

E. K. Bowman.

EKB:gm

Chairman



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DETAIL STATEMENT — RISK, LEVY, LOSSES, LOSS RATIOS

County	1961 Risk	1961 Levy	1961 Losses	1961 Loss Ratio	43 Year Loss Ratio
Big Horn	\$ 406,789.00	\$ 39,072.34	\$ 2,571.86	1 %	8%
Blaine	158,710.00	11,474.73	30,760.23	19	6
Broadwater	21,584.00	1,288.55			4
Carter	8,282.00	542.50	417.72	5	10
Cascade	30,912.00	1,865.44	3,798.26	12	3
Chouteau	444,869.52	27,521.07	64,348.74	14	3
Daniels	195,237.00	12,787.58	22,628.34	17	5
Dawson	119,222.00	10,961.25	10,779.06	9	10
Fallon	63,826.50	4,907.38		8	9
Fergus	566,930.00	51,140.09	22,760.89	4	6
Garfield	9,702.00	327.20			6
Glacier	65,842.00	4,996.60	24,001.62	36	5
Golden Valley	63,944.00	6,426.02	2,024.10	3	8
Hill	553,074.00	33,903.02	23,906.46	4	3
Jefferson	4,296.00	251.42			1
Judith Basin	359,403.00	32,019.45	1,566.60		6
Liberty	882,167.84	55,315.38	89,131.08	10	4
McCone	329,601.00	32,088.52	96,755.00	29	7
Musselshell	10,776.00	1,153.78			12
Petroleum	4,980.00	477.60			5
Phillips	54,904.00	3,969.66	11,393.17	2	4
Pondera	129,628.00	8,103.12	4,202.69	3	5
Powder River	88,775.24	7,897.65	1,580.88	2	6
Prairie	50,697.00	4,817.03			10
Richland	328,422.81	32,693.37	15,830.12	5	7
Rosevelt	109,098.00	7,497.16	5,070.38	5	3
Rosebud	1,392.00	125.28			7
Sheridan	135,652.00	10,424.91	8,974.30	7	5
Stillwater	56,320.00	5,504.79	3,808.04	7	7
Teton	86,209.00	5,279.21	4,585.52	5	3
Toole	592,200.60	37,737.31	115,862.24	20	7
Treasure	11,236.00	788.26			13
Valley	39,564.00	2,829.75			6
Wheatland	29,453.00	2,948.25	2,053.58	7	9
Wibaux	7,790.00	737.00			7
Yellowstone	14,171.00	1,391.44	2,172.96	15	6
	\$6,035,660.51	\$461,264.11	\$570,983.84	9.5%	6%

43 YEAR SUMMARY

Total Risk Written	\$134,465,400.94
Premium Charge	\$ 11,171,460.58
Losses Paid	\$ 8,172,771.49
Policies Issued	77,505
Total Acres Insured	14,558,862.4
Average Acreage Per Policy	188
Loss Ratio	6%
Average Cost Per \$1000 of Protection	\$ 83.08
Number of Losses Filed	16,347

ADMINISTRATION ACCOUNT FOR 1961

1. State office salaries, chairman expense, board members fees and expense	\$13,212.57
2. General office expense, printing, stationery, supplies, postage, telephone, telegraph, insurance, bonds, PERS and social security	\$ 4,316.56
3. Hail adjusters salaries and expense	\$13,959.13
4. Montana Hail Insurance Clearing Bureau	\$ 150.00
5. Office Rent	\$ 300.00
	\$31,938.26

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH YOUR GRAIN IS GROWING

Any Owner of Mortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. His application containing a lien on his crop will be filed with the clerk and recorder.

Any Owner of Unmortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. The application (containing a hail lien) will not be filed with the clerk and recorder.

Any Tenant desiring hail insurance may secure it by filing an application with his county assessor. It will be approved on a personal assessment basis and his application containing a lien on the crop will be filed with the clerk and recorder. This lien will be a first lien on the crop except for one given for the purchase of seed used in planting and producing the insured grain.

Any Tenant who owes for delinquent hail insurance will not receive further hail insurance unless he pays cash for it or unless he pays the delinquent account.

No hail insurance may be charged to any land without the owner's consent. Also no hail insurance may be charged to any lands other than those on which the crops to be insured are growing.

Hail insurance liens are first liens on all insured crops except liens given for the purchase of seed used to plant the insured crops.

4% Discount Will be Given Those Who Pay Cash For Their Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When To Insure. Experience shows that placing hail insurance on growing crops should not be done until they show a reasonable chance of producing a fair return. **No allowance will be made for hail damage on any grain until at least 75% of the plants are plainly stemming.** Damage early in the hail season is difficult to estimate and adjustment may be delayed until the extent of the damage may be better estimated. **No policies will be issued after August 15th.**

How Much Hail Insurance Per Acre. All non-irrigated grain may be insured for not more than \$12 except barley which is limited to \$10. Irrigated grain is limited to not more than \$24 except barley which is limited to \$20.

Hail Insurance on Special Crops. Not more than the amounts shown below may be carried per acre on the crops listed:

Irrigated beans, peas, potatoes, corn, mustard and alfalfa seed	\$24.00
Sugar Beets	\$50.00
Non-irrigated rape, safflower, mustard, beans, peas, alfalfa seed and corn	\$12.00
Any hay crop, irrigated or non-irrigated	\$12.00

Hail Liability will continue in force on grain after it has been bound, shocked or windrowed until the insured has had a reasonable time to complete threshing or combining.

Hail Insurance for Shareholders. If all shareholders in any crop desire hail insurance, each is limited in his share per acre in proportion to the share each owns of the whole crop. If other shareholders do not desire hail insurance any shareholder may insure his share for the limit allowed per acre.

When Not To File Loss Claims. Each year a large number of loss claims are filed where little or no hail loss can be found. A careful examination may show a little damage by hessian fly or wheat stem maggot. Or maybe kinked heads or wheat stem sawfly. This damage was overlooked before the storm and was increased by the strong winds accompanying it. None of it is caused by hail. Examination of these fields costs your hail department a lot of unnecessary expense which can be saved by a more careful examination of the fields by the insured.

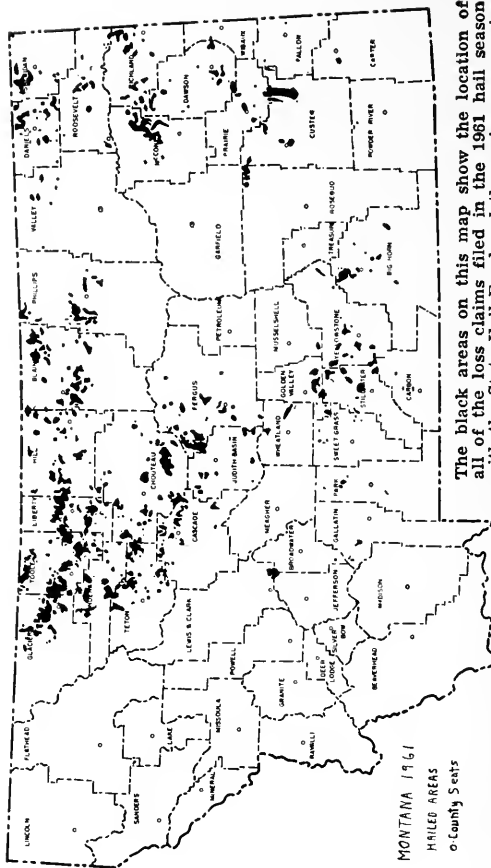
ADJUSTMENTS OF HAIL LOSSES will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

State Hail Insurance liability expires after September 15 on grain and other crops, except sugar beets which expires after September 30.

No Refunds On 1961 Premiums. Because of a near record high loss ratio of 9.5% in 1961, the losses exceeded the premiums by over \$100,000. We had quite a few inquiries asking about a refund. These came mainly from counties with light losses. The Board did make a refund each year of from 10 to 30% from 1956 to 1960 inclusive but because of the severe losses in 1961 no refund could be made. However the assets of the fund still remain close to \$2,000,000 and refunds may again be made in any future year when the losses run near or below the all year average of 6.1%.

Reduced Rates In Case of Crop Failure. If any insured crop is badly damaged by other cause than hail you should notify the State Board of Hail Insurance at Helena promptly, or you could ask your assessor for a form to make a report on. Prompt action is very important as the amount of your reduction is determined by the date on which you ask for the reduction. In 1961 over 80 requests were made and in over 70 cases a reduction was approved. These reductions amounted to over \$7,500.

When to File Claims for Hail Loss. When any insured crop is believed to be damaged at least 5%, the insured must mail a claim for such loss to the State Board of Hail Insurance at Helena, Montana, within 3 days.



The black areas on this map show the location of all of the loss claims filed in the 1961 hail season with the State Hail Fund and the various companies writing hail insurance in Montana. The State Dept. received only 392 loss claims but paid out the largest sum of all years on hail losses. This was mainly because of the unusual severity of the hail storms.

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| Board
Members | } | E. K. Bowman, Chairman, Helena. |
| | | Lyle Standish, Choteau. |
| | | Clifford Dyrland, Highwood. |
| | | Edward C. Wren, Ex-Officio, Comm. of Agr. |
| | | Mrs. Edna Hinman, Ex-Officio, State Treas. |

It is the duty of county assessors to furnish grain growers with full information on State Hail Insurance. This pamphlet is issued for the purpose of helping them do so. It furnishes full information on the operations of the State Hail Department together with how assessors receive applications for hail insurance and issue policies to farmers who wish to protect their crops against damage by hail.

Hail Insurance is a Necessary Cost of Raising Grain. As soon as your crops show a prospect of a fair yield you should see your assessor and apply for State Hail Insurance. This pamphlet was issued by the

STATE BOARD OF HAIL INSURANCE
Helena, Montana
April 1, 1962